FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 02-24
D.T.E. 02-25

SECOND SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Fitchburg Gas and Electric Light Company ("Fitchburg" or "Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.

2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.

3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

4. The term "provide complete and detailed documentation" means:

   Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term "document" is used in its broadest sense and includes, without limitation,

writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.

7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit three (3) copies of the responses to Jeanne L. Voveris, Hearing Officer, six (6) copies of the responses to Sean Hanley, Assistant Director - Rates and Revenue Requirements Division and six (6) copies of the responses to Paul Osborne, Assistant Director - Rates and Revenue Requirements Division.

8. In addition to filing, all non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

DTE 2-1 Refer to Workpaper MHC-2A (Electric). For the columns "Customer Charges" and Distribution Demand and Energy Charges," please provide the source of this data as well as the time period during which these revenues were booked.

DTE 2-2 Refer to Exhibit FGE-MHC-1 (Electric) at 33, line 15 to 18 and D.T.E. 99-118, at 95. Please reconcile the Company's reduction of test year revenues of $984,963 with the annualized revenue reduction of $1,170,426 as was directed in D.T.E. 99-118. As part of this response, explain why an annualizing adjustment was required.

DTE 2-3 Refer to Schedule MHC-1 (Electric) at 2. Please explain how the data in the columns "Distribution" and "Internal Transmission" were determined. To the extent that the balances attributed to "Distribution" and "Internal Transmission" have been based on allocations, provide the allocators used and the method of their calculation.

DTE 2-4 Refer to Schedule MHC-2 (Electric). Please explain how the data in the columns "Distribution" and "Internal Transmission" were determined. To the extent that the balances attributed to "Distribution" and "Internal Transmission" have been based on allocations, provide the allocators used and the method of their calculation.

DTE 2-5 Refer to Schedules MHC-1 (Electric) at 2 and MHC-2 (Electric). According to Schedule MHC-1 (Electric), distribution service represents 94.8 percent of total electric sales ($13,913,319 ÷ $14,668,883). According to Schedule MHC-2 (Electric), distribution service represents 95.16 percent of total electric sales ($13,022,737 ÷ $13,683,920). Please reconcile the difference between these percentages.

DTE 2-6 Refer to Schedule MHC-3 (Electric) and D.T.E. 99-118, at 95. Please explain the reasons for the decline in electric distribution revenues from $15,357,053 in 1999 to $14,668,883 during the test year. As part of this response, provide the kilowatthour sales for 1999 and 2001.

DTE 2-7 Refer to Schedule MHC-1 (Electric) at 2 and D.T.E. 99-118, at 95. Please explain the reasons for the difference between electric distribution revenues in 1999 of $15,357,053 and $13,913,319 during the test year. As part of this response, provide the kilowatthour sales for 1999 and 2001.

DTE 2-8 Refer to Schedule MHC-1 (Electric) at 2 and D.T.E. 99-118, at 95. Please explain the reasons for the increase in other operating revenue associated with electric service from $163,987 in 1999 to $516,933 during the test year.

DTE 2-9 Refer to Exhibit FGE-MHC-1 (Electric) at 8, lines 1 to 10. Please provide a table depicting, for each of the Company's rate classes, the number of customers, electric operating revenues, and corresponding kilowatthour sales from 1995 to 2001. Provide a narrative explanation of the significant factors that influenced the year-to-year variations in customers, revenues and sales during that period. As part of this response, please provide a forecast of potential new customers and load growth for the period 2002 through 2006.

DTE 2-10 Refer to Exhibit FGE-MHC-1 (Electric) at 33, line 15 to 18 and D.T.E. 99-118, at 95. Please provide the following information:

(1) What row and column in Schedules MHC-2 (Electric) is comparable with the electric revenues presented in D.T.E. 99-118, at 95, columns "Test Year" of $15,357,053 and "Company Proposal" of $14,060,380?

(2) Were the revenues presented in D.T.E. 99-118, at 95, columns "Test Year" of $15,357,053 and "Company Proposal" of $14,060,380 limited to distribution revenues, or did they include both internal transmission and distribution revenues?

DTE 2-11 Refer to Schedule MHC-7-8 (Electric). Please indicate where Exhibit FGE MHC-2E (Electric) can be found. If it is not available in the filing, please provide this document.

DTE 2-12 Refer to Schedule MHC-7-8 (Electric). Are the net writeoffs and revenues listed here related exclusively to electric utility operations? If not, please provide the Company's net write-offs and revenues associated with electric utility operations for 1999, 2000 and 2001.

DTE 2-13 Refer to Schedule MHC-7-8 (Electric). Please provide a breakdown by account and balance of the Company's net write-offs in excess of $5,000 for 1999, 2000 and 2001.

DTE 2-14 Refer to Schedule MHC-7-8 (Electric). Please explain why the Company experienced a significant increase in net write-offs during 2001.

DTE 2-15 Refer to Schedules MHC-7-16 (Gas) and MHC-7-13 (Electric). Please provide invoices for every expense incurred thus far in preparation of the Company's gas and electric rate cases. As part of this response, please provide a schedule totaling each group of invoices (e.g., External Consultants; Production, Delivery, Notifications; Lodging, Meals, Telephone; Parent Corporation-Support Services). Provide this information separately for the Company’s gas and electric rate cases; if some costs are deemed by the Company to be common to both rate applications, provide a full explanation of how these common costs were allocated between the gas and electric rate applications.

DTE 2-16 Refer to Schedules MHC-7-16 (Gas) and MHC-7-13 (Electric). The total amount of rate case expense for the test year ended December 31, 2001, for gas and electric rate cases is $495,750 and $751,750 respectively. Please explain why electric rate case expenses has been estimated at approximately $256,000 more than gas rate case expenses.

DTE 2-17 Refer to Exhibits MHC-1 (Electric) at 60 and MHC-1 (Gas) at 46-47. For each outside consultant service that the Company has used in preparation of the Company's electric and gas rate cases, please provide all request for proposals ("RFP") the Company used. If the Company has chosen to forgo the competitive bidding process, please explain in detail the Company's reasons for doing so.

DTE 2-18 Refer to Exhibit FGE-MHC-1 (Electric) at 35-36. Please provide an itemized description of the $32,412 in power supply costs that the Company represents was incorrectly booked to distribution operations.

DTE 2-19 Refer to Exhibit FGE-MHC-1 (Electric) at 35-36. Please provide the original journal entries and receipts supporting the $32,412 in power supply costs the Company represents was incorrectly booked to distribution operations.

DTE 2-20 Refer to Exhibit FGE-MHC-1 (Electric) at 35-36. Please provide all accounting memoranda or other documentation associated with the Company's determination that $32,412 in power supply costs had been incorrectly booked to distribution operations. As part of this response, please identify when the Company discovered the reported error, and the reasons why the Company considered these expenses to be more appropriately treated as power supply costs.

DTE 2-21 Please provide the following information with respect to Princeton Road substation: (a) the gross book value; (b) the accumulated depreciation through the end of the test year; and (c) the accumulated deferred income taxes, if any, associated with the plant.

DTE 2-22 Please provide the following information with respect to Sawyer Passway station: (a) the gross book value; (b) the accumulated depreciation through the end of the test year; and (c) the accumulated deferred income taxes, if any, associated with the plant.

DTE 2-23 Refer to Exhibit FGE-MHC-1 (Electric) at 19. Please provide a full explanation of the Company's transfer of a transformer on Princeton Road to the West Townsend substation. The Company's response should include the capacity of the West Townsend substation transformer which failed, the date of the failure, the capacity of the replacement transformer, and a timetable of the events associated with the failure and replacement.

DTE 2-24 Refer to Exhibit FGE-MHC-1 (Electric) at 19. Please provide a full explanation of the failure at the River Street substation during 2001. The Company's response should include any reports provided to the Department associated with this failure.

DTE 2-25 Refer to Exhibit FGE-MHC-1 (Electric) at 18. Please provide the engineering analyses intended to determine transformer capacity between the Princeton Road substation and the Sawyer Passway substation.

DTE 2-26 Refer to Exhibit FGE-MHC-1 (Electric) at 17. Please provide the total capacity associated with the Princeton Road substation, broken down by (1) the portion used to meet load at FOLLC/MRALP/Princeton Paper, and (2) the portion used to meet general Company load.

DTE 2-27 Refer to Exhibit FGE-MHC-1 (Electric) at 17. Please provide the total capacity associated with the Princeton Road substation, broken down by (1) the portion used to meet load at FOLLC/MRALP/Princeton Paper, and (2) the portion used to meet general Company load.

DTE 2-28 Please provide in chart form for the years 1997 through 2001 the following information for electric operations: (a) a full description and original cost of plant investment added for each year; and (b) a full description and original cost of any plant retirements.

DTE 2-29 Refer to Exhibit FGE-MHC-1 (Electric) at 20. For customers currently served by the Princeton Road substation, please provide their percent of base distribution operating revenues for the electric division derived from the Company's industrial class of customers. Also, please provide the percentage of total base distribution operating revenues for the electric division that were contributed by these customers since Princeton Paper terminated connection. Please show the revenue allocations broken down by percentage of customer contributions.

DTE 2-30 Refer to Exhibit FGE-MHC-1 (Electric) at 22. Please provide the estimated savings that the Company received by moving the previous transformer from Princeton Road Substation to the West Townsend Substation. Provide supporting all workpapers, calculations, assumptions, etc.

DTE 2-31 Refer to Schedule JLH-1 at 2 (Electric). Please provide an itemized breakdown by amount and description of Account 303, Miscellaneous Intangible Plant.

DTE 2-32 Refer to Schedule JLH-1 at 2 (Electric). Please reconcile the entry of $155,450 in column (1) and the entry of $75,086 on FERC Form 1, column (g) Page 205 in Vol. 1 Supplemental Filing, Tab 2, during the test year to Account 303, Miscellaneous Intangible Plant.

DTE 2-33 Please provide an explanation of the manner in which the Company presently calculates depreciation expense.

DTE 2-34 Refer to Schedule MHC-4 (Electric). Please provide the total cost of the Lead/Lag study. Provide all supporting workpapers, calculations, assumptions, etc.

DTE 2-35 Refer to Exhibit FGE-MHC-1 (Electric) at 27. Please explain why the Company factored in a check-float period as part of its purchased power lag. As part of the Company's response, please address the Department's statements on check-float periods found in Commonwealth Electric Company, D.P.U. 89-114/90-331/91-80, Phase One at 22 (1991).

DTE 2-36 Refer to Exhibit FGE-MHC-1 (Electric) at 29. Please provide the RFP that was used to solicit bids for a full lead-lag study for operating and maintenance expense.

DTE 2-37 Refer to Exhibit FGE-MHC-1 (Electric) at 29-30. Please provide the bids that were received in response to the RFP for a full lead-lag study for operating and maintenance expense.

DTE 2-38 Refer to Exhibit FGE-MHC-1 (Electric) at 30. Please describe the decision-making process undertaken by the Company in concluding that it would not be cost-effective to perform a full lead-lag study for operating and maintenance expense.

DTE 2-39 Refer to Schedule JLH-2-1 (Electric) at 16-1. Please explain how the Interest Expense of 4.41 percent was calculated.

DTE 2-40 Refer to Schedule JLH-2-1 (Electric) at 23-1 and Schedule JLH-4 (Electric) at 1. Please explain why the total Company amounts do not match for "Energy" kilowatthour value found in Schedule JLH-2-1 (Electric) at 23-1 and the "Sales" kilowatthour value found in Schedule JLH-4 (Electric) at 1.

DTE 2-41 Refer to Schedule JLH-4 (Electric) at 1. Please explain where the document "JLH-7, pg. 2" referenced on this page can be found. If this document is not contained in the filing, please provide.

DTE 2-42 Does the electric cost of service study presented by Mr. Harrison use load data that is based on information specific to the Company's service territory, or load data borrowed from another utility? Please explain.

DTE 2-43 Refer to Schedule JLH-2-1 (Electric) at 2-1. Please provide all workpapers and source documents for the total Company amounts for the Electric Plant in Service accounts listed on this page (Accounts 303, 310, 350, 351, 352, 353, 355, 356, 360, 361, 362).

DTE 2-44 Refer to Schedule JLH-2-1 (Electric) at 3-1. Please provide all workpapers and source documents for the total Company amounts for the Distribution Plant accounts listed on lines 13 through 17 (Accounts 368, 369, 370, 371, 373).

DTE 2-45 Refer to Schedule JLH-2-1 (Electric) at 4-1. Please provide all workpapers and source documents for the total Company amounts for the General and Common Plant accounts listed on this page (Accounts 389, 390, 390.1, 390.2, 391, 392, 393, 394, 395, 396, 397, 398, 399).

DTE 2-46 Refer to Schedule JLH-2-1 (Electric) at 5-1 and 6-1. Please provide all workpapers and source documents for the total Company amounts for the Depreciation and Amortization Reserve accounts listed on these pages (Accounts 303, 351, 352, 353, 355, 356, 361, 362, 364, 365, 366, 367, 368, 369, 370, 371, 373, 390, 391, 392, 394, 395, 396, 397, 398).

DTE 2-47 Refer to Schedule JLH-2-1 (Electric) at 6-1. Please provide all workpapers and source documents for the total Company amounts for the Purchased Power and Other O&M accounts listed on lines 15 and 16.

DTE 2-48 Refer to Schedule JLH-2-1 (Electric) at 7-1. Please provide all workpapers and source documents for the total Company amounts for the Accumulated Deferred Income Taxes accounts listed on lines 1 through 8.

DTE 2-49 Refer to Schedule JLH-2-1 (Electric) at 9-1. Please provide all workpapers and source documents for the total Company amounts for the Other Power Supply Expenses and the Transmission Expenses accounts listed on this page (Accounts 557, 560, 561, 562, 563, 565, 566, 567, 568, 569, 570, 571, 573).

DTE 2-50 Refer to Schedule JLH-2-1 (Electric) at 10-1. Please provide all workpapers and source documents for the Total Company amounts for the Distribution Expenses accounts listed on this page (Accounts 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 598 (Adjustment)).

DTE 2-51 Refer to Schedule JLH-2-1 (Electric) at 11-1. Please provide all workpapers and source documents for the total Company amounts for the Customer Accounts Expenses and Customer Service and Information Expenses accounts listed on this page (Accounts 901, 902, 903, 904, 905, 907, 908, 909).

DTE 2-52 Refer to Schedule JLH-2-1 (Electric) at 12-1. Please provide all workpapers and source documents for the total Company amounts for the Administrative and General Expenses accounts listed on this page, including those accounts that are not labeled with an account number (Accounts 920, 921, 923, 924, 925, 926, 928, 929, 930.1, 930.2, 931, 935).

DTE 2-53 Refer to Schedule JLH-2-1 (Electric) at 12-1. Please provide all workpapers and source documents for the total Company amounts for the Wage Adjustment, Inflation Allowance, and Gas/Electric Allocations listed on this page.

DTE 2-54 Refer to Schedule JLH-2-1 (Electric) at 13-1. Please provide all workpapers and source documents for the total Company amounts for the Depreciation and Amortization accounts listed on lines 1 through 25 on this page.

DTE 2-55 Refer to Schedule JLH-2-1 (Electric) at 14-1. Please provide all workpapers and source documents for the total Company amounts for the General and Common Depreciation Expense accounts listed on lines 1 through 10 on this page.

DTE 2-56 Refer to Schedule JLH-2-1 (Electric) at 15-1. Please provide all workpapers and source documents for the total Company amounts for the Taxes Other than Income Taxes accounts listed on lines 1 through 11 and line 13.

DTE 2-57 Refer to Schedule JLH-2-1 (Electric) at 20-1 and Schedule JLH-5, at 97. Please explain why account 926 has an entry of "0" on this page, but has an entry of "-12,681" on Schedule JLH-5, at 97.

DTE 2-58 Refer to Schedule JLH-2-1 (Electric) and Schedule JLH-2-2 (Electric). For every allocator used in these cost of service studies, please provide all workpapers and assumptions used in the derivation of the allocator and the rationale for using that allocator for the account to which it is applied.

DTE 2-59 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric), at 77). At the top of this page it states that these values are "Estimated." Has the Company obtained actual numbers for this allocation of expenses? If so, please provide.

DTE 2-60 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric), at 80). At the top of this page it states that these values are for "Year Ending Dec. 31, 2000." Does the Company have this data for the year ending December 31, 2001? If so, please provide.

DTE 2-61 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric), at 88). Please explain where these values are used in either the class cost of service study or the functional cost of service study.

DTE 2-62 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric) at 97. Please:

(1) provide the source for the values found on this page;

(2) explain why accounts 926 and 598 are subtracted from the total;

(3) provide the basis for 43.12/56.88 split between electric and gas; and

(4) explain why accounts 901 through 935 are allocated 100 percent to electric.

DTE 2-63 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric) at 110. Please explain where these values are used in either the class cost of service study or the functional cost of service study.

DTE 2-64 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric) at 114. Please explain how this customer data is used in either the class cost of service study or the functional cost of service study.

DTE 2-65 Refer to Schedule JLH-5, Workpapers Supporting Schedule JLH-2 (Electric) at 129-135. Please indicate, by name, which allocators are derived using the values and calculations found on these pages.

DTE 2-66 Refer to Schedule JLH-4 (Electric) at 3. Please explain the derivation of the values in column (5) on this worksheet. The values do not appear to match the formula that is noted for this column.

DTE 2-67 Refer to Schedule KMA-3 (Electric) at 1. Please explain the derivation of the energy rates for rates RD-1 and RD-2 in the Final Rate Design section of this worksheet.

DTE 2-68 Refer to Schedule KMA-3 (Electric) at 1. Please provide the source for the "overall increase" by which the Customer Charge is set in the Proposed Rate Design section of this workpaper.

DTE 2-69 Refer to Schedule KMA-3 (Electric) at 3. Please explain why the Company decided to set the Customer Charge for rates GD-2 and GD-4 equal to the Customer Charge for rate GD-1.

DTE 2-70 Refer to Schedule KMA-3 (Electric) at 3. Please explain the derivation of the energy and demand rates for the rates GD-2, GD-4 and GD-5 in the Final Rate Design section of this workpaper.

DTE 2-71 Refer to the prefiled testimony of Mr. Harrison at 11-12, where it states that a probability of peak analysis using four recent years of hourly load data was performed. Please provide this study, including all supporting data, workpapers, calculations, assumptions, etc.

DTE 2-72 Refer to the prefiled testimony of Mr. Harrison at 13-14, where it states that "[T]he [transmission] investments were calculated based on individual account Trended Additions less Trended Retirements, using the Handy-Whitman Index." Please explain, in detail, how these calculations were performed.

DTE 2-73 Refer to Schedule JLH-3 (Electric), Table 1, at 1. Please:

(1) explain the terms "Lagged Peak Demand" and "Smoothed Peak Demand" and state their unit of measurement. Does the Lagged Peak Demand data for any year refer to the next year's or previous year's actual demand? In answering this question please also refer to footnote 3;

(2) state the dependent and independent variable used in this regression. As part of this response, please explain the description used in line 17; and

(3) explain how the average cost figures in lines 27-29 were developed.

DTE 2-74 Refer to Schedule JLH-3 (Electric), Table 1, at 1. The coefficient of determination (r-squared) is 71.3. Mr. Harrison's testimony at 14, lines 4-5 states that the "regression results are sufficiently robust for estimating long-run marginal costs." Please explain the basis for concluding that an r-squared value of 71.3 is reliable for estimating long-run marginal costs.

DTE 2-75 Refer to Schedule JLH-3 (Electric), Table 1, at 1. Footnote 2 states that transmission investments have been restated to current year dollars. Does this mean that these numbers are in constant 2001 dollars?

DTE 2-76 Refer to Schedule JLH-3 (Electric), Table 1, at 1, n.3. Please explain whether a one year lag is appropriate in estimating marginal cost. As part of this response, explain whether transmission plant investments, in general, require one year to complete.

DTE 2-77 Refer to Schedule JLH-3 (Electric), Table 1, at 1, n.4. Please explain why "erratic data" is not an appropriate basis for average cost calculations.

DTE 2-78 Refer to Schedule JLH-3 (Electric), Table 2, at 2. Please:

(1) explain how the percentages shown in lines 11-12 (i.e., 61 percent and 39 percent, respectively) were calculated;

(2) explain lines 15-20 and 27-28 in detail;

(3) explain what is meant by footnote 3; and

(4) provide pages 3 and 4 of this table.

DTE 2-79 Refer to Schedule JLH-3 (Electric), Table 2, at 1.

(1) Footnote 4 states that peak demands were reduced for analysis of Secondary. However, numbers in column (6) and (3) are identical. Please reconcile this difference.

(2) Explain why the Company used an intercept term in this analysis while employing a regression equation without an intercept term in the analysis provided on Table 1.

(3) Explain what "Incremental Average Cost" means and how the numbers in lines 27-29 were developed. Also, please compare the average incremental cost approach with the average cost calculation used in Table 1, and explain why the Company elected to use different approaches in these calculations.

(4) Explain why the Company interpreted average incremental cost as the long-term marginal cost estimate (line 32) as opposed to the regression slope used in Table 1?

(5) Please explain footnote 5 in detail.

DTE 2-80 Refer to the prefiled testimony of Mr. Harrison (Electric) at 14, where it states that the "regression estimates for both Primary and Secondary are sufficiently robust to estimate the long-run marginal costs." However, Table 2, at 1, n. 5 states that "regression estimate is not sufficiently robust . . ." Please explain the apparent discrepancy between these two statements.

DTE 2-81 Refer to Schedule JLH-3 (Electric), Table 5, at 1. Please:

(1) provide the complete text for footnote 3;

(2) interpret the regression results shown on lines 16-20 by explaining the variables used; and

(3) explain how the Company achieved the marginal cost figure indicated in line 34.

DTE 2-82 Refer to the prefiled testimony of Mr. Harrison at 15, lines 3-4. Please explain why the Company used the average unit cost over the past three years in estimating marginal transmission O&M expenses. As part of this response, please explain the theoretical justification for this approach.

DTE 2-83 Refer to Schedule JLH-3 (Electric), Table 6, at 1.

(1) Explain what is meant by footnote 3 in detail.

(2) Explain how the marginal cost estimates per kW CP of $6.73 and $2.07 shown in line 24 were developed.

DTE 2-84 Please provide first two pages of Table 7 in Schedule JLH-3 (Electric).

Dated: June 25, 2002

Jeanne L. Voveris, Hearing Officer